Cash generation, or else?

Bookham Technology (despite increased Q1 dollar revenues being up 2% from Q4 2003 and up 25% from Q1 2003) showed a worsening Q1 loss and slipped revenues from the previous quarter with the net loss at $28.4m (£16m). The company expects the cash shortfall to remain around $21-26.5m (£12-15m) in Q2 as Nortel (48% of Bookham revenues in the Q1 of 2004) has completed its minimum purchase commitment of $20m over the six quarters that expired in Q1 2004. Nortel's is now only tied to a percentage purchase of components until 2005.

So despite affirming its commitment to UK manufacture at the launch of its Caswell based InP line, acquired from Nortel (together with plans to move the nominal HQ and primary stock market listing to the US and develop its package and assembly in China) Georgio Anania is on the record that "Our intention is to reduce overhead costs by approximately 25% from current levels over the next 12 months."

So despite its two GaAs customers, Bookham is to mothball its six inch GaAs production line at the Caswell facility with a loss of 60 jobs because "order visibility was poor," and to make "significant saving" from the line closure. The six inch line was installed by Marconi in 2000 and used for pHEMT and MESFET products transferred from Bookham's own three inch GaAs facility. GaAs at Caswell had a 42 year history of production.

Undaunted by losses and shed facilities, Bookham is still in line to acquire Sunnyvale, CA-based, Onetta Inc which provides optical amplifier modules and subsystems for communications networks, which fits Bookham CEO, Georgio Anania's criteria of 'volume' acquisition [see III-Vs Review April 2004 page 26].

Onetta designs and manufactures intelligent Erbium Doped Fiber Amplifiers (EDFA) for current and next-generation optical communication networks incorporating advanced optics, control electronics and firmware for performance. Onetta's price is the issue of 27.6m Bookham 'O' shares to the Onetta shareholders, valued at $23.3m (£13m). In the 1Q of 2004 Onetta revenues were $3.3m, losses $2.1m. The value of the net assets acquired as at the end of the quarter was $7.5m.

Anania commented "The addition of the Onetta team, added revenue and the additional tier-1 customer penetration Onetta brings to us, further strengthens our position in optical amplifiers and accelerates consolidation. Onetta provides key skills that should strengthen Bookham's position as a leader in design and manufacture of optical line subsystems. … We expect Onetta, after synergies are considered, to become cash-generating before the end of 2004."

IMEC's new nanoelectronics laboratory

IMEC has opened its new nanoelectronics laboratory; announced a new core research partner in its sub-45nm research platform and posted excellent financial results for its fiscal year 2003.

The new nanoelectronics research facility will enable IMEC to maintain its world-leading role in research in nano-scaled technologies. Started under construction in early 2003, the facility is an €84m investment. Of that, €37.2m represents a local government grant, the remaining €46.8m a loan, supported by the European Investment Bank (EIB), from Fortis Bank.

Adjacent to the existing IMEC campus, the new facility includes a three-level fab structure, office accommodations for more than 400 people and a central utility building. The fab has a total work surface of 16,280 m^2 including a plenum, a 3,200 m^2 ballroom-style cleanroom, with 2,200 m^2 of space sitting on a vibration-controlled waffle table, a clean subfab and a utility fab. The cleanroom, suitable for full 300mm wafer processing, is ready for equipment installation.

IMEC's new nanoelectronics lab represents a €84m investment.

Prof. Gilbert Declerck, IMEC president & CEO noted: "Our facility will strengthen the competitiveness of Flanders, Belgium and Europe by further developing high-tech know-how and will serve as a unique place where experts from research institutes, semiconductor companies, material and equipment suppliers around the world will jointly tackle the increasing technological complexities of the nanoelectronics era."

In 2003, IMEC achieved 6% higher revenues from contract research as compared to 2002, making €111m. Of the total, 54% of thecontract revenue comes from collaborations with international industry, 26% from Flemish industry collabrations and the remainder comes from EU Commission-, ESA- and local government-funded projects. In 2004, IMEC's total budget is expected to rise to approximately €160m including a €34m subsidy from Flanders government.

IMEC's workforce rose to 1300 in 2003, including some 380 guest researchers and industrial residents. Its scientists delivered top-level research with results recognized worldwide and submitted (62) and were granted (61) patents; and published 1299 scientific papers and conference contributions.